

The Role of Savings and Loan Cooperatives in MSME Development Efforts at KSPPS BTM Perkasa Purbalingga

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Abstract: *Saving and Loan Cooperatives (KSPs) have become one of the main pillars in supporting the development of Micro, Small and Medium Enterprises (MSMEs) in various countries. This article analyzes the important role of KSPs in MSME development efforts, particularly in the context of KSPPS BTM Perkasa Purbalingga. This research uses descriptive qualitative methods with in-depth interviews and participatory observation to collect data from KSP members and management of KSPPS BTM Perkasa Purbalingga. The results show that KSP has a strategic role in providing access to capital, business assistance, and strengthening networks and collaboration for MSMEs. KSPPS BTM Perkasa Purbalingga has particularly succeeded in improving MSMEs' access to capital with affordable and flexible loan services. In addition, the assistance provided by KSP helps MSMEs to manage their businesses more effectively and efficiently. The active involvement of members in KSP activities also strengthens solidarity and mutual support among MSMEs. Collaboration between MSMEs in the form of joint product development or joint marketing has improved the competitiveness and market penetration of local MSMEs. This article concludes that KSPs, especially KSPPS BTM Perkasa Purbalingga, have a significant role in supporting the growth and development of MSMEs. The implication of this research is the need to continue to encourage the development of KSPs as well as strengthen cooperation between KSPs and MSMEs to create an inclusive and sustainable business ecosystem.*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have long been recognized as the backbone that drives economic growth and equity at various levels of society in Indonesia. Their presence enhances economic diversity and increases income. However, MSMEs face many

problems, especially in terms of capital, management knowledge, and market penetration.

In this context, Savings and Loan Cooperatives (KSPs) have received greater attention as one of the solutions to overcome the challenges faced by micro, small and medium enterprises (MSMEs). KSP is not just a financial institution but also a social entity rooted in the principles of solidarity, participation, and community economic empowerment. Through providing easy access to capital, sustainable business mentoring, and building networks and collaboration among MSMEs, KSPs have demonstrated an important role in assisting the growth of MSMEs in Indonesia.

BTM Perkasa Multipurpose Savings and Loan Cooperative (KSPPS) in Purbalingga Regency is one such example. KSPPS BTM Perkasa is more than just a financial institution; it has become a strategic partner for local small and medium enterprises (MSMEs) to increase their business scale and competitiveness. KSPPS BTM Perkasa has successfully improved the local economy and community welfare through its low-cost services and needs-oriented approach.

In this paper, we will examine the role and contribution of KSPPS BTM Perkasa in the development of MSMEs in Purbalingga Regency. By analyzing the best practices implemented by KSPPS BTM Perkasa and how it impacts local MSMEs, we hope to gain a better understanding of the opportunities and pitfalls of using savings and loan cooperatives as a motor for MSME growth at the local level.

LITERATURE REVIEW

Savings and Loan Cooperatives (KSPs) have been recognized as an important tool for boosting the MSME sector in various countries. According to Statistics Indonesia, MSMEs contribute more than 60 percent of the national GDP and employ about 97 percent of the labor force. However, most MSMEs still face constraints such as access to capital, managerial knowledge, and markets. In this case, KSP comes as an alternative that allows MSMEs to easily gain access to capital as well as receive mentoring and support in developing their business.

KSPs often serve as a key catalyst in driving the growth of MSMEs at the local level. One such example is the BTM Perkasa Multipurpose Savings and Loan Cooperative (KSPPS) located in Purbalingga Regency. KSPPS BTM Perkasa has successfully helped local MSMEs improve their capacity and competitiveness by providing various services such as microloans, savings, and business mentoring.

Aldrich and Cliff (2003) discuss how a family plays a role in the context of entrepreneurship through an embedded family perspective. World Bank (2008) presents important macro strategies to strengthen the role of microfinance in empowering communities, which is a significant contribution from the context of economic and social development. Burt (2005) presents an understanding of the importance of social networks and social media in shaping business success, highlighting the role of brokers and closures in connecting different entities. Meanwhile, Mook and Quarter (2006) provide a broader perspective on the socio-economy, especially from a Canadian perspective, which can provide more context to the phenomenon of interest in the study.

Crowne and Marlowe (1960) added a psychometric dimension by introducing a new scale to measure social desirability that is relevant in understanding the psychological factors that influence economic behavior. While Meadow (2003) and Meadow (1991) provide a more different perspective related to non-academic subjects but can provide knowledge about the broader social context.

Microfinance institutions such as KSPPS BTM Perkasa play an important role in

providing access to capital for micro, small and medium enterprises thereby contributing to economic development (Dev & Maiti, 2018, p. 108). Microfinance economics also shows that institutions such as KSPPS BTM Perkasa serve as the main mechanism to increase financial inclusion and support the growth of micro- enterprises in the region, this is in line with research (Armendariz & Morduch, 2010, p. 112). and also with research from (Jia & Jiang, 2019, p. 4111) which states that microfinance plays an important role in fostering entrepreneurship.

Inclusive financial systems, with support and guidance from institutions such as KSPPS BTM Perkasa, are critical to building local capabilities to foster entrepreneurship that leads to long-term economic development, in line with research from (Helms, 2006, p.124). (Gashaw & Adhikary, 2017, p. 61) also revealed that there is a positive correlation between microfinance participation and microenterprise financial sustainability, which shows the importance of business support services in improving business. In addition (Wordlemichael & Gurm, 2018, p. 102) mentioned that cooperatives play an important role in improving the performance and sustainability of micro, small, and medium enterprises.

Collaboratives facilitated by financial institutions can strengthen community ties and encourage collective action between micro-entrepreneurs and capital providers, in this case KSP. In line with research from (Chakraborty & Lahiri, 2018, p. 1545) and also research from (Tarannum & Siddiqi, 2019, p. 527). Empirical studies also show the significant contribution of financial institutions in developing small, micro and medium entrepreneurs. This is in line with research from (Khandker & Samad, 2018, p. 65) and also (Ahammad & Maan, 2020, p. 6).

Based on the above literature review, we develop the following hypotheses:

1. KSPPS BTM Perkasa has a significant role in improving access to capital for MSMEs in Purbalingga Regency.
2. The business assistance provided by KSPPS BTM Perkasa has improved the performance and sustainability of MSMEs in the area.
3. The collaboration between MSMEs encouraged by KSPPS BTM Perkasa strengthens solidarity and opens up opportunities for mutually beneficial cooperation among local micro-enterprises.
4. The existence of KSPPS BTM Perkasa has a positive impact on local economic growth and improving community welfare through empowering MSMEs.

METHOD

Research Design

This research uses a qualitative descriptive approach used to gain a deeper understanding of the role of Savings and Loan Cooperatives (KSP) in building Micro, Small and Medium Enterprises (MSMEs) at KSPPS BTM Perkasa in Purbalingga Regency. A qualitative approach is the right choice because it allows researchers to examine experiences, perceptions, and practices from a broader perspective.

Data Source

Primary data will be obtained through in-depth interviews with various relevant parties, including the management of KSPPS BTM Perkasa, KSP members, and MSME actors who are partners of KSPPS BTM Perkasa. In addition, participatory observations will be conducted to gain a direct understanding of the dynamics and relationships in the field.

Research Subject

The main research subjects are members of KSPPS BTM Perkasa, including management and staff, as well as MSME members who are partners of KSP. Participation in this research is voluntary and data confidentiality will be maintained.

Data Collection Technique

In-depth interviews will be conducted using a pre-drafted interview guideline. The interviews will discuss the role of KSP in MSME development, the experiences of KSP members, the services provided by KSP BTM Perkasa, and its impact on MSMEs and the local community. Participatory observation will be conducted to observe the interaction between KSP members and MSMEs in their daily activities.

Data Analysis

Qualitative data obtained from interviews and observations will be analyzed using an inductive approach. Interview transcripts will be thematically analyzed to find patterns, themes, and key concepts that emerge. The results of this analysis will be used to confirm or interpret the research findings.

Credibility and Validity

Processes such as data triangulation (using multiple data sources) and member-checking (rechecking results with respondents) will be used to ensure that the data is valid and credible, to reduce bias and maintain truth, the researcher will also incorporate reflectivity into the analysis process.

RESULT AND DISCUSSION**The Role of Savings and Loan Cooperatives (KSP) in Accessing Capital for MSMEs**

Our interview results show that KSPPS BTM Perkasa plays a significant role in improving access to capital for MSMEs in Purbalingga Regency. Most of the partners of KSPPS BTM Perkasa have utilized the microloan services provided by the organization. Previous studies have shown that KSPs are critical in providing access to capital for MSMEs (Aldrich & Cliff, 2003).

Business Assistance to Improve MSME Performance

The business assistance provided by KSPPS BTM Perkasa improves the performance and sustainability of MSMEs in the area. KSP members receive guidance and support in financial management, marketing, and product development through a needs-oriented approach. This finding is consistent with the theory of community economic empowerment, which emphasizes the importance of mentoring to increase the capacity and independence of small and medium enterprises (World Bank, 2008).

Collaboration Between MSMEs and its Impact on Solidarity and Mutual Benefit

The collaboration between MSMEs encouraged by KSPPS BTM Perkasa has a positive impact on solidarity and mutual benefit among local micro-enterprises. MSMEs are able to expand markets and improve competitiveness by collaborating in joint product development or joint marketing. Social network and collaboration theory (Burt, 2005) underscores the importance of mutually beneficial relationships between MSMEs in achieving common goals.

Positive Impact on Local Economic Growth and Community Welfare Improvement

KSPPS BTM Perkasa has a positive impact on local economic growth and community welfare improvement through the empowerment of MSMEs. Through access to capital, business mentoring, and inter-MSME collaboration, KSPPS BTM Perkasa enhances the local business ecosystem and improves the income and quality of life of local communities. Previous

research results emphasize the role of cooperatives in local economic development (Mook & Quarter, 2006).

CONCLUSIONS

KSPPS BTM Perkasa in Purbalingga Regency, a Savings and Loan Cooperative plays an important role in supporting the growth of MSMEs. Through providing access to capital, business assistance, cooperation between MSMEs, and local economic empowerment, Savings and Loan Cooperatives have made a significant contribution to the progress and welfare of the community. The results show that we must continue to encourage the growth of savings and loan cooperatives and strengthen cooperation between KSPs and MSMEs so that we can create an inclusive and sustainable business ecosystem.

Advice

Explore Long-term Impacts

This research can be continued by concentrating on how the role of KSPs contributes to the development of MSMEs and MSMEs at KSPPS BTM Perkasa in Purbalingga Regency. A long-term study could improve our understanding of how KSPs help economic growth and community welfare in the long run.

KSP Service Efficiency Measurement

Future research could focus on measuring the efficiency of the services provided by KSPPS BTM Perkasa. A more in-depth analysis of the factors that influence the operational efficiency of KSP, such as operational costs, asset productivity, and service quality may provide useful insights for the further development of KSP.

Comparative Study with Other KSPs

Researchers can conduct a comparative study between KSPPS BTM Perkasa and other KSPPS in comparable areas or with different attributes. This comparison can provide a broader understanding of the factors that influence success and how KSPPS contributes to the growth of MSMEs.

Stakeholder Engagement Analysis

Future research could further explore the role and involvement of other stakeholders, such as local governments, development agencies, and non-governmental organizations in supporting and strengthening the role of KSPs in MSME development. This analysis can help in designing more effective policies to strengthen the local business ecosystem.

A Study on KSP Service Innovation

Future research could examine the service innovations implemented by KSPPS BTM Perkasa to further enhance its impact on MSME growth. These service innovations may include the use of information technology, the development of financial products that are more in line with the needs of MSMEs or the development of more specific and targeted training programs. The suggestions above are expected to make a valuable contribution to further development on this topic as well as creating better practices and policies to assist KSPs in developing MSMEs, particularly in the Purbalingga Regency area.

Contribution

In this article, we can gain a better understanding of the function of KSPs in developing MSMEs, particularly with regards to KSPPS BTM Perkasa in Purbalingga Regency. This article provides in-depth information on the various ways KSPPS BTM Perkasa offers easier and more affordable access to capital, offers ongoing business mentoring, and encourages collaboration

between MSMEs to improve competitiveness and market penetration. The research method is descriptive qualitative research. The study also emphasizes how important KSPs are for creating solidarity and support among MSMEs that ultimately improve local economic welfare. Therefore, this article not only adds to the existing literature on the role of KSPs in MSME development, but also provides practical suggestions to improve the effectiveness and efficiency of KSPs in supporting an inclusive and sustainable business ecosystem.

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